

Washington, D.C. – As Congress continues to work on a plan to save the auto industry, Rep. Charlie Wilson (OH-6) and 24 other Members of Congress wrote to the leaders of the Senate and the House to express their strong support for Congress and the Administration assisting the auto industry before the end of the year.

“I’m pleased that the chairmen of GM, Chrysler and Ford attended the hearing in the House Financial Services Committee today,” Wilson said. “It was important to hear from them how critical they believe federal help is at this time.”

Wilson is supporting a bill that was introduced earlier this week by House Financial Services Chairman Barney Frank of Massachusetts.

“I know how important the auto industry is to Ohio,” Wilson added. “I’m very pleased that Chairman Frank has introduced a plan that would carve out part of the Troubled Asset Relief Program for loans to the auto industry. In exchange, the government would get an ownership stake in the companies. That’s good for the auto industry and good for taxpayers.

“We can’t let the auto industry fail. Working families across Ohio and our country depend on it; our economy depends on it.”

Along with the requirement for restructuring plans, including plans to build energy efficient vehicles using the most advanced technologies, the House legislation would:

- impose more restrictive limits on CEO and executive compensation than on other rescue funds, including a ban on golden parachutes,
- protect taxpayers by providing warrants to purchase stock so the government could earn a profit,
- ban dividend payments to shareholders over the life of the government loan,
- and require rigorous independent oversight.

The letter to Senate Majority Leader Harry Reid, Senate Minority Leader Mitch McConnell, Speaker of the House Nancy Pelosi and House Minority Leader John Boehner follows.

November 18, 2008

Dear Speaker Pelosi, Leader Boehner, Leader Reid, Leader McConnell:

We write to express our strong support for Congress and the Administration to take action before the end of the year to provide financial assistance to the U.S. automotive industry in these very difficult economic times. Assistance from the U.S. Government is critical to protecting the millions of jobs supported by the U.S. automotive industry, as well as the U.S. economy, which is suffering from a widespread liquidity crisis that extends well beyond the vital automotive sector.

We support legislation that would amend the Emergency Economic Stabilization Act (EESA) to

permit the U.S. automotive industry access to the EESA funding. Under EESA, Congress granted Secretary Paulson broad discretion to restore market stability for the benefit of the American public, as well as to take measures to protect taxpayers when providing that assistance. It is our understanding that the Secretary has indicated that under the current EESA, the U.S. automotive industry is outside the scope of the law. As a result, we believe it is vital that we enact legislation to make clear Congressional intent to include the U.S. automotive industry as part of the EESA. This will allow the Department of the Treasury to use existing resources to assist the industry in an expeditious manner.

Consistent with our support for including the U.S. automotive industry within the EESA, we strongly support including protections for taxpayers as part of any legislation. While we believe we need to work swiftly to include the domestic automotive industry within the EESA framework, but are also mindful of the need to oversee the disbursement of these funds and protect U.S. taxpayers.

As you no doubt appreciate, the U.S. automotive industry is transforming itself to produce the vehicles of the future. In the midst of this restructuring, the industry has been hit with a credit crisis beyond its control. The combination of rapid technological advancement, the overall state of the economy, and the ongoing credit crunch has put the U.S. automotive industry in an untenable position. As a result, the industry needs access to the EESA funds that have already been approved so that it can survive and deliver products that the American driving public demand, such as more fuel-efficient cars and trucks.

A number of our automobile and light truck manufacturers, suppliers, and auto finance companies face rapidly evaporating operational liquidity and thus soon may not be able to continue to operate. The failure of one or more of these manufacturers, and the resulting impact on component suppliers throughout all 50 states, would eliminate as many as two and a half million jobs if the domestically-based automotive industry does not survive. This would put at risk the pensions of millions of retirees, triggering tens of billions of dollars in additional pension obligations for the federal government, and would threaten the health care plans of active and retired auto workers, their spouses, and their dependents. Moreover, the failure of one or more of these companies would have severe and debilitating ramifications for the industrial base of the United States, would undermine our nation's ability to respond to military challenges, and could threaten our national security.

The domestic automotive industry represents almost four percent of U.S. gross domestic product and represents ten percent of U.S. industrial production by value. One out of every 10 U.S. jobs is impacted by the U.S. automotive industry. GM, Ford and Chrysler account for roughly 65 percent of U.S. auto production and support millions of jobs across all 50 states. According to a report released last week by the Center for Automotive Research, the failure of even one U.S. automaker would mean the loss of millions of jobs and cost our economy hundreds of billions of dollars in lost wages, and local and state tax revenues. The consequence to communities across this country would be devastating.

We look forward to working with you to make clear that the U.S. automobile industry has access to the EESA, which will help it survive the current economic crisis.

